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MIE HOLDINGS CORPORATION

MI能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

INSIDE INFORMATION

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This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”).

NON-COMPLIANCE RELATING TO A GUARANTEE PROVIDED BY A SUBSIDIARY OF THE COMPANY

On 10 February 2023, the Board and the Audit Committee were informed by PricewaterhouseCoopers, being the auditor of the Company, of certain matters (“**Relevant Matters**”) that have come to their attention during the process of carrying out the audit of the consolidated financial statements of the Group for the year ended 31 December 2022. The Board would like to inform the Shareholders of further details as shown below.

(a) Non-compliance relating to a guarantee provided by a subsidiary of the Company

In June 2022, the Huai’an Intermediate People’s Court of Jiangsu Province in the PRC (江蘇省淮安市中級人民法院*) (the “**Court**”) issued a civil judgment of the second instance (the “**Second Judgment**”) in relation to its decision on a second appeal lodged by Mr. Zhang Ruilin (“**Mr. Zhang**”), being the Chairman of the Board, an executive Director and a controlling Shareholder, in relation to a loan dispute (the “**Dispute**”) with Jiangsu Oilfield Construction Engineering Co., Ltd.* (江蘇油建建設工程有限公司) (the “**Lender**”).

According to the Second Judgment, the appeal was related to a civil mediation agreement (the “**Mediation Agreement**”) entered into between Mr. Zhang and the Lender and issued by the Court on 29 March 2016, pursuant to which the parties acknowledged that Mr. Zhang owed the Lender a loan principal of RMB59.5 million and interest of RMB4.95 million (the “**Loan**”).

As a result of the Lender applying to enforce the Mediation Agreement, the Lender, Mr. Zhang and Gobi Energy Limited (戈壁能源公司), a subsidiary of the Company (“**Gobi Energy**”), entered into (i) a first settlement agreement on 10 March 2017; (ii) a second settlement agreement on 13 April 2018; and (iii) a third settlement agreement on 18 May 2021 (collectively, the “**Settlement Agreements**”), according to which Gobi Energy agreed to provide a joint and several guarantee (“**Guarantee**”) for Mr. Zhang’s repayment obligations, including the loan principal and relevant interest.

At the times of entering into each of the Settlement Agreements, Mr. Zhang was an executive Director and substantial Shareholder, therefore, pursuant to Chapter 14 of the Listing Rules, Mr. Zhang is a connected person of the Company. Based on the information currently available to the Company, no fee was charged and no security was taken by the Group in relation to the provision of the Guarantee. Subject to further investigation by the Investigation Committee (as defined below), based on the preliminary assessment by the Board, the Board believes that the Guarantee would constitute a notifiable and connected transaction of the Group under the Listing Rules, and should have been subject to the reporting, announcement, circular and independent Shareholders’ approval requirements.

(b) Repayments of loan on behalf of Mr. Zhang

The Board further noted that it was mentioned in the Second Judgment that confirmation statements were made by (i) Camel Oil and Gas Technology Service (Tianjin) Co., Ltd* (駱駝石油天然氣技術服務(天津)有限公司* (“**Camel Oil**”), a subsidiary of the Company; (ii) Jilin Guotai Petroleum Development Company, a connected person of the Company; and (iii) certain other companies which are suppliers of the Group, stating they made payments on behalf of Mr. Zhang for the purpose of the repayment of the Loan (the “**Repayments**”).

It was also stated in the Second Judgment that Camel Oil had provided a confirmation statement, pursuant to which it was stated that Camel Oil had paid RMB10 million to the Lender on behalf of Mr. Zhang in 2017 (the “**Alleged Payment**”). Based on the information currently available, the Alleged Payment was not recorded in the books of Camel Oil, but a payment of RMB10 million by Camel Oil to the Lender was recorded in its books and records as a deposit for an assets purchase agreement with the Lender. Such amount was subsequently provided for and written off by Camel Oil.

ESTABLISHMENT OF INDEPENDENT INVESTIGATION COMMITTEE

An independent investigation committee (the “**Investigation Committee**”) comprising Mr. Ai Min as the chairman and Mr. Mei Jianping, Mr. Liu Ying Shun, Mr. Yeung Yat Chuen and Mr. Guo Yanjun as members (all of whom are independent non-executive Directors) has been established by the Board to investigate (the “**Investigation**”) the Guarantee, the Repayments and other related matters including the internal control deficiencies of the Group, if any. All the members of the Investigation Committee had confirmed to the Board that they are independent of and not connected with Mr. Zhang and the Relevant Matters. The Investigation Committee is currently in the course of engaging independent investigation consultant(s) (“**Investigation Consultant(s)**”) to assist with and conduct the Investigation. It is expected that such Investigation Consultant(s) will produce a report of findings to the Investigation Committee.

The Board considers that the business and operation of the Group will not be materially and adversely affected. The Company will keep the Shareholders informed of any further material developments in connection with the above, including in respect of the progress and findings of the Investigation, by way of further announcement(s) as and when appropriate and in accordance with the Listing Rules.

REDESIGNATION OF DIRECTOR

Although the outcome of the Investigation is unknown as at the date of this announcement, in light of the Relevant Matters, the Board announces that Mr. Zhang has been redesignated from an executive Director to a non-executive Director (the “**Redesignation**”) with effect from 25 February 2023. Following the Redesignation, Mr. Zhang will remain as Chairman of the Board, but will not be involved in the day-to-day business operation and management of the Group.

Mr. Zhang, aged 52, had been an executive Director and the Chairman of the Company since March 2008. Mr. Zhang has over 32 years of experience in the oil and gas business. Following the takeover of the Company by Far East Energy Limited (“**FEEL**”) in August 2003, Mr. Zhang joined the Group in September 2003 and has been a Director since then. Prior to the Redesignation, he was primarily responsible for overseeing the Group’s overall strategies, planning and day-to-day management and operations. Mr. Zhang is also a director for various subsidiaries of the Group.

In respect of the Redesignation, the Company will enter into a new letter of appointment (“**Appointment Letter**”) with Mr. Zhang, pursuant to which he will be appointed as a non-executive Director for an initial term of three years commencing from 25 February 2023, subject to retirement by rotation and re-election at general meetings in accordance with the Company’s Articles of Association. Pursuant to the Appointment Letter, Mr. Zhang’s remuneration will remain the same subsequent to the Redesignation and he will be entitled to receive (i) an annual emolument of RMB4,850,000 (including allowances and statutory benefits), which was determined by the Board with reference to his experience, duties and responsibilities with the Company, and is subject to review by the Board from time to time; and (ii) an annual discretionary bonus as may be approved by the Board.

Mr. Zhang is (i) the spouse of Ms. Zhao Jiangbo (“**Mrs. Zhang**”), a controlling Shareholder (as defined under the Listing Rules) of the Company, and (ii) the brother-in-law of Mr. Zhao Jiangwei (“**Mr. Zhao**”), an executive Director, senior vice president and controlling Shareholder of the Company (as defined under the Listing Rules). Save as disclosed above, Mr. Zhang did not hold any other directorship in other listed public companies in Hong Kong or overseas in the last three years, and Mr. Zhang is not related to any other Directors, senior management, other substantial or controlling Shareholders (as defined under the Listing Rules) of the Company, nor does Mr. Zhang hold any other position within the Group.

As at the date of this announcement, Mr. Zhang had the following interests in Shares or underlying Shares of the Company and its associated corporations pursuant to Part XV of the SFO:

Name	Name of corporation	Capacity	Total interests in Shares (<i>Note 1</i>)	Approx. percentage of the issued Shares
Mr. Zhang	The Company	Interest of controlled corporation (<i>Note 2</i>)	1,566,108,234 (L)	46.24%
		Interest of controlled corporation (<i>Note 3</i>)	88,521,234 (S)	2.61%
		Beneficial owner	7,987,000 (L)	0.24%
	FEEL	Interest of controlled corporation (<i>Note 2</i>)	9,000	10.00%

Note 1: The letter “L” denotes the person’s long position in the shares of the Company. The letter “S” denotes the person’s short position in the shares of the Company.

Note 2: FEEL is held by Mrs. Zhang, Mr. Zhang and Mr. Zhao as to 80%, 10% and 10%, respectively. On May 24, 2013, 72,000 Shares in FEEL were issued to Mrs. Zhang, 399,070,000 Shares in the Company were transferred from FEEL to Champion International Energy Limited (“**Champion**”), 399,070,000 Shares in the Company were transferred from FEEL to Orient International Energy Limited (“**Orient**”), 475,000,000 Shares in the Company were transferred from FEEL to New Sun International Energy Limited (“**New Sun**”) and 141,460,000 Shares in the Company were transferred from FEEL to Power International Energy Limited (“**Power**”). Each of Champion, Orient, New Sun and Power is a wholly-owned subsidiary of Sunrise Glory Holdings Limited, which is itself a wholly-owned subsidiary of FEEL. Mrs. Zhang, Mr. Zhang and Mr. Zhao had entered into an Acting-in-Concert Agreement under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on his, Mrs. Zhang’s and Mr. Zhao’s shares. The long interests which FEEL, Mr. Zhang and Mr. Zhao have in the 1,566,108,234 Shares in the Company include (i) the beneficial interests which FEEL has (and in the case of Mr. Zhang and Mr. Zhao, the indirect beneficial interests which they have (through their shareholdings in FEEL)) in the 1,469,600,000 Shares in the Company held by FEEL through its subsidiaries, (ii) the put option granted by FEEL, Mr. Zhang and Mr. Zhao, pursuant to a put and call option agreement, over the 88,521,234 Shares in the Company held by Mr. Ho Chi Sing through Celestial Energy Limited (“**Celestial**”), as further described in note (3) below, and (iii) the 7,987,000 Shares owned by Mr. Zhang himself.

Note 3: The Company was informed on November 8, 2014 that TPG Star Energy Ltd. and Celestial had entered into a sale and purchase agreement pursuant to which Celestial had acquired and TPG Star Energy Ltd. has sold 211,855,234 ordinary shares in the Company. On November 8, 2014, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang and Celestial entered into a put and call option agreement in relation to certain of shares (the “PCA”), pursuant to which the parties to the PCA have agreed to grant each other certain rights in relation to their shares, and Section 317(1)(a) of the SFO applies. Mr. Ho Chi Sing is the sole shareholder of Celestial. In particular, Mr. Ho Chi Sing, through his holdings in Celestial, is beneficially interested in 211,855,234 shares in the Company. Pursuant to the abovementioned PCA, Mr. Ho Chi Sing and Celestial have been granted a put option to resell/put 211,855,234 shares to FEEL, Mr. Zhang and Mr. Zhao. On January 6, 2017, FEEL, Mr. Zhang, Mr. Zhao, Mrs. Zhang (collectively, the “**Controlling Shareholders**”) and Celestial entered into a letter agreement in relation to the PCA. The Board was also informed that Great Harmony International Ltd (“**Great Harmony**”) and Celestial have entered into a sale and purchase agreement pursuant to which Great Harmony has agreed to acquire (or procure its affiliate or other person or company designated by it to acquire) and Celestial has agreed to sell 211,855,234 ordinary shares in the Company. On January 18, 2017, February 23, 2017 and March 7, 2017, Celestial had ceased to have 53,334,000 shares, 40,000,000 shares and 30,000,000 shares in long and short positions, respectively. On May 17, 2017, the Controlling Shareholders and Celestial entered into a second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated May 17, 2017. On November 30, 2017, the Controlling Shareholders and Celestial entered into the supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated November 30, 2017. On April 14, 2018, the Controlling Shareholders and Celestial entered into the second supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated April 15, 2018. On November 26, 2018, the Controlling Shareholders and Celestial entered into the third supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated November 26, 2018. On May 30, 2019, the Controlling Shareholders and Celestial entered into the fourth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated May 30, 2019. On January 15, 2020, the Controlling Shareholders and Celestial entered into the fifth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated January 15, 2020. On January 4, 2021, the Controlling Shareholders and Celestial entered into the sixth supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated January 4, 2021. On February 18, 2022, the Controlling Shareholders and Celestial entered into the seventh supplemental agreement to the second letter agreement in relation to the PCA. For further details, please refer to the Company’s announcement dated February 18, 2022.

Save as disclosed above, Mr. Zhang does not have any other interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the Redesignation or appointment of Mr. Zhang as a non-executive Director that need to be brought to the attention of the Shareholders or are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Shareholders and potential investors should exercise caution when dealing in the shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	MIE Holdings Corporation, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1555)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“independent third party”	an individual(s) or a company(ies) who or which is(are) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	common share(s) of USD0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *For identification purposes only*

By order of the Board of
MIE Holdings Corporation
Mr. Zhang Ruilin
Chairman

Hong Kong, 27 February 2023

As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Zhao Jiangwei and Mr. Lam Wai Tong; (2) the non-executive directors namely Mr. Zhang Ruilin, Mr. Guan Hongjun and Ms. Gao Yan; and (3) the independent non-executive directors namely Mr. Mei Jianping, Mr. Liu Ying Shun, Mr. Yeung Yat Chuen, Mr. Guo Yanjun and Mr. Ai Min.